

Form MO-1041

Fiduciary Income

Tax Return

Instructions

These instructions are for guidance only and do not state the complete law.

Rounding on Missouri Returns

You must round all cents to the nearest whole dollar on your return. For cents .01 through .49, round down to the nearest whole dollar amount (round \$32.49 down to \$32.00) on the return. For cents .50 through .99, round up to the next whole dollar amount (round \$32.50 up to \$33.00) on the return. For your convenience, we have already placed zeros in the cents columns on the returns.

Who Must File Form MO-1041

A Form MO-1041 must be filed by the following:

1. Every resident estate or trust that is required to file a Federal Form 1041.
2. Every nonresident estate that has gross income of \$600 or more from sources within Missouri.
3. Every nonresident trust that has any taxable income from sources within Missouri or gross income of \$600 or more from sources within Missouri.

When and Where to File

Form MO-1041, Fiduciary Income Tax Return, should be completed after the federal fiduciary return is completed, and is due no later than the 15th day of the 4th month following the close of the taxable year. For fiduciaries operating on a calendar year basis, the fiduciary return is due on or before April 15. When the due date falls on a Saturday, Sunday or legal holiday, the return and payment will be considered timely if filed on the next business day. Please mail the return to: **Department of Revenue, P.O. Box 3815, Jefferson City, MO 65105-3815.**

Estimated Tax Payments

The state of Missouri currently does not require the payment of estimated tax by an estate or trust.

Report of Changes in Federal Taxable Income

If the taxpayer's federal taxable income for any taxable year is changed, the taxpayer must report the change to Missouri by filing an amended Missouri income tax return within 90 days after the final determination of such change. Any taxpayer filing an amended federal fiduciary income tax return must file an amended Form MO-1041, Fiduciary Income Tax Return, within 90 days of the federal change.

Extension of Time To File or Pay

If a taxpayer has been granted an extension of time to file his/her federal fiduciary income tax return, the time for filing his/her Missouri fiduciary income tax return is automatically extended for the same period of time. A copy of the federal extension must be attached to the Form MO-1041 when filed.

If a taxpayer has been granted an extension of time to pay his/her federal fiduciary income tax, the time for paying his/her Missouri fiduciary income tax is automatically extended for a similar period of time. A copy of the federal extension must be attached to the Form MO-1041 when filed.

An extension of time to file does not extend the time to pay. The taxpayer must pay the amount properly estimated as his/her tax for the taxable year on or before the original due date. This amount must be submitted on a Form MO-60, Application for Extension of Time to File.

If a taxpayer files a Form MO-60, a copy of the federal extension should be attached. A copy of the extension must be attached to the Form MO-1041 when filed.

Federal Deduction Limit

The federal income tax deduction is limited to \$5,000. If the total federal income tax (Form MO-1041, Line 4 or Form MO-NRF, Part 6, Line 3) is less than \$5,000 enter the amount on the federal tax line (Form MO-1041, Line 5 or Form MO-NRF, Part 6, Line 4). If the total federal tax exceeds \$5,000, enter \$5,000 on Form MO-1041, Line 5 or Form MO-NRF, Part 6, Line 4.

Capital Gain Exclusion on Sale of Low Income Housing

If during 1997 you sold a federally subsidized (HUD) low income housing project to a nonprofit or governmental organization, and at least 40% of the units are occupied by persons or families having incomes of 60% or less of the median income, you may exclude from Missouri tax 25% of the capital gain that is taxable at the fiduciary level. However, the buyer of the property must agree to preserve or increase the low income occupancy of the project. To use this exclusion, enter on Form MO-1041, Page 1, Line 6 for residents or on Form MO-NRF, Page 1, Part 1, Line 4 for nonresidents, 25% of the capital gain reported on your Federal Form 1041. Attach a copy of your Federal Form 1041, Federal Form 4797 and an explanation.

Interest on Exempt Federal Obligations

Interest from direct obligations of the U.S. government, such as U.S. savings bonds, U.S. treasury bills, bonds and notes, is exempt from state taxation under the laws of the United States. **Attach a detailed list or all Federal Form 1099(s).** Fiduciaries who claim an exclusion for interest from U.S. obligations **must** identify the specific securities owned, e.g., "U.S. savings bond." A general description such as "interest on U.S. obligation" or "U.S. government securities" is not acceptable. (See 12 CSR 10-2.150 for the taxability of various U.S. government related obligations.) A list of exempt (direct) U.S. obligations must be provided to each beneficiary by the fiduciary. This list will allow the beneficiary to report the modification on his/her Form MO-1040, Individual Income Tax Return.

A federally taxed distribution received from a mutual fund investing exclusively in **direct** U.S. government obligations is exempt. If the mutual fund invests in both exempt (direct) and nonexempt (indirect) federal obligations, the deduction allowed will be the distribution received from the mutual fund attributable to the **direct** U.S. government obligations, as determined by the mutual fund. A copy of the year-end statement received from the mutual fund showing the amount of monies received or the percentage of funds received from **direct** U.S. government obligations or a summary statement received from the mutual fund which clearly identifies the exempt and nonexempt portions of the U.S. government obligation interest, must be provided to each beneficiary by the fiduciary.

Note: Failure to attach a copy of the notification furnished to you that specifically details the amount of the subtraction being claimed as your distributive share will result in the disallowance of the deduction.

In arriving at the amount of related expenses, the taxpayer may use actual expenses or a reasonable estimate. In general, the taxpayer should use the same or similar method to that used to compute related expenses for federal income tax purposes, provided that the method reasonably reflects related expenses for Missouri-exempt income.

If a taxpayer fails to compute reasonable related expenses, the Director of Revenue will make an adjustment based on the best information made available. If sufficient information is not made available or if the taxpayer's records do not provide sufficient information, the Director of Revenue will use the following formula to compute related expenses:

$$\frac{\text{Exempt income}}{\text{Total income}} \times \text{Expense items} = \text{Reduction to exempt income}$$

The principal expense item in this formula is interest expense; however, the Director of Revenue may include other expense items because of their direct relationship to the production of exempt income. The taxpayer may propose an alternative method provided that it properly reflects the amount of related expenses.

Tax on Lump Sum Distributions

If during 1997 you received a portion of any lump sum distribution from an annuity or retirement, not otherwise included in federal taxable income, this distribution may be subject to Missouri tax. The amount of the tax is equal to 10% of your federal tax liability on the distribution for the same year.

To calculate your Missouri tax on a lump sum distribution, multiply that portion of Federal Form 1041, Schedule G, Line 1B that is attributable to a lump sum distribution by 10% (.10) and enter the result on Form MO-1041, Line 16. You must attach a copy of Federal Form 1041 and Federal Form 4972 to your Missouri return.

Recapture Tax

If you are required to recapture a portion of any federal low income housing credits taken on a low income project, you are also required to recapture a portion of any state credits taken. The state recapture amount is equal to the proportion of the state credit that equals the proportion the federal recapture amount bears to the original federal low income housing credit amount. Enter the recapture tax on Form MO-1041, Line 17. Attach a copy of Federal Form 8611 to your Missouri return.

Credit Information

Fiduciaries and beneficiaries may be entitled to any of the following credits: New or Expanded Business Facility Credit, Development Reserve Credit, Infrastructure Development Credit, Export Finance Credit, Missouri Low Income Housing Credit, Missouri Business Modernization and Technology (Seed Capital) Credit, Neighborhood Assistance Credit (Including Homeless Assistance Credit), Affordable Housing Assistance Credit, Special Needs Adoption Credit, Enterprise Zone Credit, Small Business Incubator Credit, Small Business Investment Credit, Community Bank Investment Credit, Qualified Research Expense Credit, Higher Education Scholarship Fund Credit, Abandoned Property Credit, Youth Opportunities Credit, Processed Wood Energy Credit and Missouri Business Use Incentives for Large-Scale Development (BUILD) Credit. These credits must be allocated to the beneficiaries based on their percent of ownership and reported on the Form MO-1040, Individual Income Tax Return. See Form MO-1040 and Form MO-TC instructions for more information.

Interest on Delinquent Taxes

Effective January 1, 1998, simple interest will be charged on all delinquent taxes at the rate of 9% per annum.

Addition to Tax for Failure to File

A taxpayer who fails to file a return by the due date, including extension of time to file, will be charged an addition to tax of 5% per month (not to exceed 25% in the aggregate) during the period of such failure.

Addition to Tax For Failure to Pay

A taxpayer who files a timely tax return but fails to pay the tax by the original due date will be charged an addition to tax of 5% on the total tax that is not paid for the taxable year. The addition to tax will be waived if (a) the amount of tax paid on or before the original due date of the return is at least 90% of the amount of tax due on Form MO-1041 and (b) the balance of the tax due on Form MO-1041 is paid on or before the due date of the return, including extensions of time.

Where to File

Mail the return to: **Department of Revenue, P.O. Box 3815, Jefferson City, MO 65105-3815.**

Authorization

If you authorize the Director of Revenue or delegate to release information pertaining to your account to your preparer or to any member of his/her firm, indicate by checking the appropriate box on the bottom of the form.

Sign the Return

Form MO-1041, Fiduciary Income Tax Return, is not considered valid unless signed. Attach all required information, and a check or money order for the full amount when a tax is due (U.S. funds only).

Internet/World Wide Web

The Department of Revenue has a home page on the World Wide Web. Individuals with access to the Internet can obtain informational materials and Missouri tax forms via our home page. The address is: <http://www.state.mo.us/dor>

Tax Forms Available by Fax

Blank Missouri tax forms are available by fax. To access the "Forms-by-Fax" system call (573) 751-4800 from your **fax machine handset**. The "Forms-by-Fax" system will take you through the steps to fax you a copy of the forms you need. If you are speech or hearing impaired, please call TDD (800) 735-2966.

Missouri Department of Revenue Bulletin Board (MODOR BBS)

The Department of Revenue has an on-line bulletin board system from which individuals can obtain blank Missouri tax forms and other informational materials. To access the bulletin board, dial (573) 751-7846 from your personal computer equipped with a modem and communications software. The Department of Revenue plans to have most Missouri tax forms, tax publications, law changes, the *Tax Bulletin* and many other informational articles available on the MODOR BBS. The service is free of charge; only normal telephone line charges apply.

Americans With Disabilities Act (ADA)

The state of Missouri offers a Dual Party Relay Service (DPRS) for speech/hearing impaired individuals. This service was implemented in accordance with the Americans with Disabilities Act (ADA). An individual with speech/hearing impairments may call a voice user at (800) 735-2966.

1997 TAX TABLE

If Line 12 is			If Line 12 is			If Line 12 is			If Line 12 is			If Line 12 is			If Line 12 is		
At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is	At least	But less than	Your tax is
0	100	\$ 0	1,500	1,600	\$ 26	3,000	3,100	62	4,500	4,600	\$109	6,000	6,100	\$167	7,500	7,600	\$238
100	200	2	1,600	1,700	28	3,100	3,200	65	4,600	4,700	113	6,100	6,200	172	7,600	7,700	243
200	300	4	1,700	1,800	30	3,200	3,300	68	4,700	4,800	116	6,200	6,300	176	7,700	7,800	248
300	400	5	1,800	1,900	32	3,300	3,400	71	4,800	4,900	120	6,300	6,400	181	7,800	7,900	253
400	500	7	1,900	2,000	34	3,400	3,500	74	4,900	5,000	123	6,400	6,500	185	7,900	8,000	258
500	600	8	2,000	2,100	36	3,500	3,600	77	5,000	5,100	127	6,500	6,600	190	8,000	8,100	263
600	700	10	2,100	2,200	39	3,600	3,700	80	5,100	5,200	131	6,600	6,700	194	8,100	8,200	268
700	800	11	2,200	2,300	41	3,700	3,800	83	5,200	5,300	135	6,700	6,800	199	8,200	8,300	274
800	900	13	2,300	2,400	44	3,800	3,900	86	5,300	5,400	139	6,800	6,900	203	8,300	8,400	279
900	1,000	14	2,400	2,500	46	3,900	4,000	89	5,400	5,500	143	6,900	7,000	208	8,400	8,500	285
1,000	1,100	16	2,500	2,600	49	4,000	4,100	92	5,500	5,600	147	7,000	7,100	213	8,500	8,600	290
1,100	1,200	18	2,600	2,700	51	4,100	4,200	95	5,600	5,700	151	7,100	7,200	218	8,600	8,700	296
1,200	1,300	20	2,700	2,800	54	4,200	4,300	99	5,700	5,800	155	7,200	7,300	223	8,700	8,800	301
1,300	1,400	22	2,800	2,900	56	4,300	4,400	102	5,800	5,900	159	7,300	7,400	228	8,800	8,900	307
1,400	1,500	24	2,900	3,000	59	4,400	4,500	106	5,900	6,000	163	7,400	7,500	233	8,900	9,000	312

Round To The Nearest Whole Dollar

Example — If Line 12 is **\$12,000**, the tax would be computed as follows:
 $\$315 + \180 (6% of \$3,000) = **\$495**

9,000 315
 PLUS 6% of excess over \$9,000

Check the Following Before Mailing

1. Did you use the label provided on the front of the book?
2. If you did not use the label, are the name, address and tax identification numbers correctly shown on the return?
3. Is your taxable year shown on the return?
4. Did you review your completed return?
5. If you show a balance due, did you attach a check or money order?
6. Did you receive an extension of time to file your return? If so, have you attached a copy of the extension?
7. Have you attached a copy of the federal form and supporting schedules?
8. Have you signed the return?
9. Have you addressed your envelope to the proper address?

Department of Revenue Field Offices

Public hours at the offices listed below are from 7:45 a.m. to 4:45 p.m. daily with walk-in income tax assistance provided from 8:00 a.m. to 4:30 p.m. Individuals with speech or hearing impairments use TDD (800) 735-2966.

Cape Girardeau

3102 Blattner Dr., Suite 102
 (573) 290-5852

Joplin

1110 E. Seventh St., Suite 400
 (417) 629-3070

Kirkville

300 E. Northtown Road, Suite B
 P.O. Box 964
 (660) 785-2411

St. Louis

2510 S. Brentwood, Suite 300
 (314) 301-1660

Jefferson City

1617 Southridge Drive
 (573) 751-7191

Kansas City

615 East 13th St., Room B2
 (816) 889-2920

Springfield

149 Park Central Square, Room 313
 (417) 895-6474

St. Joseph

525 Jules, Room 314
 (816) 387-2230

Other Important Phone Numbers

Form ordering (800) 877-6881
 Form order questions (573) 751-5337

Forms-by-Fax (573) 751-4800
 Bulletin Board (573) 751-7846
 Ombudsman (800) 347-6681

Refund Inquiry Line (800) 411-8524
 Electronic filing information (573) 751-3930

Internet/World Wide Web: <http://www.state.mo.us/dor>